

CARBEC MINES LIMITED

(No Personal Liability)

SUITE 1200

1255 UNIVERSITY STREET
MONTREAL 2, P.Q.

April 24, 1967

REMARKS OF THE PRESIDENT TO THE 1966 ANNUAL MEETING
HELD ON APRIL 24TH, 1967

Before expanding on some of the developments at your company's properties and our plans for the months immediately ahead, I would like to briefly cover the corporate and financial changes since the end of the 1966 fiscal year.

As you are aware, your company sold, through an underwriting agreement, 300,000 shares from the treasury at a price of 90¢ a share to net the sum of \$270,000. I can also report that the option agreement which covered 150,000 shares at \$1.15 a share was exercised and \$172,500. paid into the company's treasury, thus bringing the total amount into the treasury of \$442,500.


With the issue of 450,000 shares, the outstanding capitalization now consists of 3,430,003 shares out of the authorized 5,000,000 shares. The capitalization was increased to 5,000,000 shares from 3,000,000 shares through Supplementary Letters Patent as of February 14, 1967. Shareholders approval for the capital increase was granted at the last annual meeting which was held in April, 1966.

Your company's liability for exploration and development costs as outlined in detail in the Letter to Shareholders dated March 3, 1967 is some \$175,000. The balance of the funds derived from the underwriting and option will be used partly as a reserve for expanded operations in Zambia, to further explore the properties in Quebec, for general corporate costs and other projects.

QUEBEC PROPERTIES

As is stated in the annual report, preliminary exploration of the holdings in Senneterre and Freville townships revealed the location of five anomalies.

Plans are being prepared to restart the investigation of these holdings. Initial work will consist of trenching on one anomaly and, if results are encouraging, a program of diamond drilling will be initiated.



Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Carb1031_1967_0

ZAMBIA

Underground Operations:

The No. 5 shaft (see attached map) which was sunk in the 1920's by the Rhodesian Congo Border Concession Company has now been completely dewatered and rehabilitated. The head-gear, hoist and ancillary equipment has been installed. The workings from this shaft have also been dewatered. The mine manager and the resident consulting geologist have inspected the workings at the 130 foot level and have reported them to be in good order.

The cleaning of the walls in the No. 5 shaft workings for the purposes of geological mapping and check sampling is now underway. It is expected that drifting and crosscutting should begin shortly to delimit and develop the "E" mineralized zone. The RCBC exploratory work indicated by drifting and crosscutting a lens of mineralization some 50 feet wide and at least 150 feet long on the 130 foot level. The grade of this lens was 3% to 4% copper.

The No. 4 shaft has been similarly dewatered, rehabilitated and equipped. The latest reports from the property indicate that the 50 foot level is now dry, and with work proceeding on schedule the program is probably at the 100 foot level.

Your management expects to be able to report concrete results from these workings, which intersect the E, X, Y and Z zones, within the coming month.

Induced Polarization (IP) Surveys:

Renewed IP surveying was started some two weeks ago to complete the original contract on the Munshiwemba section, covering 8,000 feet long of the potential 60,000 feet zone of copper mineralization. The rainy season of December through March, with its attendant electrical thunderstorms, made it impractical to finish this survey until recently. The results of the current work should be available in Montreal for evaluation shortly.

Based on the recommendation of your company's consulting geophysicist, IP surveying of the remaining 50,000 feet long property (Falcon claims) and adjoining ground (Anglo-American, Zambia agreement) will be initiated on completion of the present survey covering the Munshiwemba section. The first section to be covered will include the Kolokwo workings to the northeast of Munshiwemba where the present survey, diamond drilling and underground activity is being conducted. The second area to be covered will be to the southwest of present operations and will include the Mtuga workings from which the major portion of copper production was taken in the 1955-1959 period.

The estimated cost of this survey is placed at \$24,000.

Diamond Drilling:

The factors of time, distance and methods of communication have made it difficult to maintain a steady flow of results from the property to Head Office in Montreal and thus to the Shareholders. The first indications of results are based on visual evaluation by skilled persons on the property. These results are confirmed at some future date following actual analysis. The first method of communication is by cable, and this is followed by airmail letter. Errors in cable transmission could lead to serious miscalculation if accepted on face value. We have had such examples. These events have made management reluctant to report results received by cable alone.

However, some of the significant mineralization intersections from current drilling is as follows (these specific holes are all being drilled at an inclination of 45 degrees):-

BH 90/4850

In a letter dated March 21, 1967, you received details of assays for the first 240 feet in this borehole. Since then, it has been carried down to a depth of 495 feet. Varying grades of mineralization were encountered and assays are expected.

<u>Intersection</u>	<u>Footage</u>	<u>Assay Type</u>	<u>Copper Grade</u>	<u>Method of Communication</u>
<u>BH 88/4950</u>				
342-359	17	Visual	3.0%	Cable
361-364	3	Visual	0.5%	Cable
364-370	6	Visual	2.0%	Cable
380-381	1	Visual	1.0%	Cable
387-422	35	Visual	3.0%	Cable
422-435	13	Visual	0.5%	Cable
435-474	39	Visual	3.0%	Cable
476-478	2	Visual	1.5%	Cable
483-491	8	Visual	2.0%	Cable
536-550	14	Visual	4.0%	Cable
578-587	9	Visual	2.0%	Cable
621-626	5	Visual	4.0%	Cable

NOTE: In this hole the average grade over 28 feet
(342-370) is 2.3%, and over 87 feet (387-474)
the average grade is 2.6%.

BH 88/4850

369-374	5	Actual	5.0%	Cable
503-528	25	Actual	3.0%	Cable
672-714	42	Visual	3.0%	Cable

BH 84/5150

438-540	102	Actual	Traces	
540.3-542.6	2.3	Actual	2.4%	

BH 82/5300

330-339	9	Actual	3.0%	Cable
422-430	8	Actual	3.5%	Cable
432-435	3	Actual	3.0%	Cable
454-473	19	Actual	1.3%	Cable
589-587	7	Visual	1.5%	Cable
598-602	4	Visual	3.0%	Cable

These drill holes are located along lines 200 feet apart (see map). In summary they indicate a new zone "G" comparable to the known "E" mineralized zone in size and grade, and four or five new smaller zones between the "E" and the new "G" zone.

The nature of the drill results and the as yet limited geological knowledge of the occurrence of the mineralization make it premature to estimate the potential of the Munshiwemba section of the claims at this time. But drilling at 50 foot intervals which is now programmed will delimit the mineralized zones so that a more specific estimate can be obtained.

Feasibility Study:

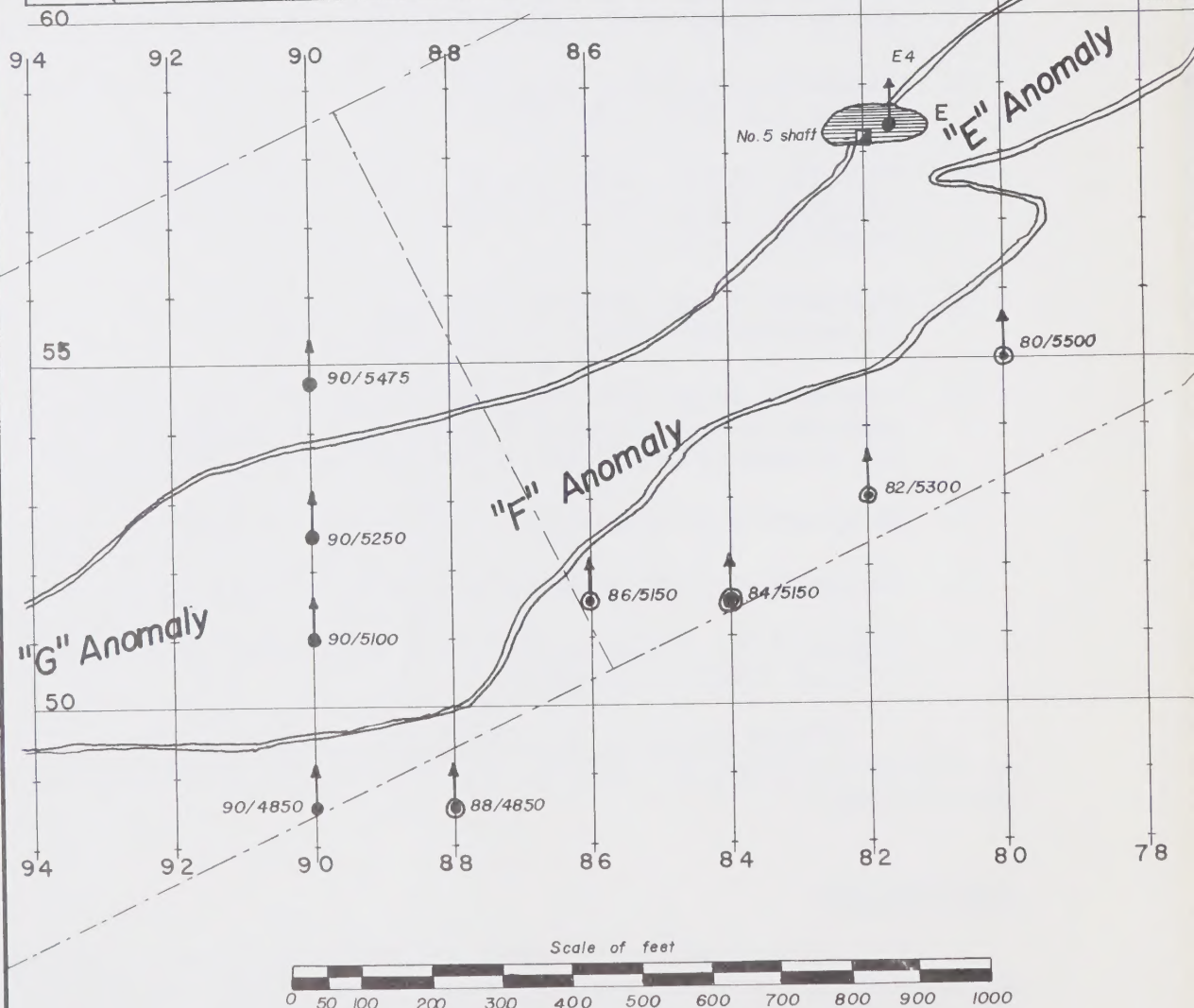
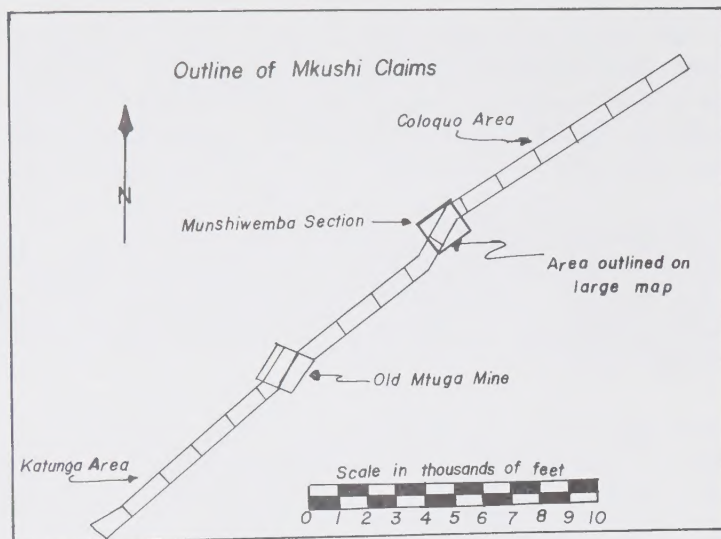
In view of the encouraging results being obtained, your management has retained Kaiser Canada to study all engineering matters pertaining to the project. It is our present understanding that the scope of services to be supplied by Kaiser Canada generally consists of the following:-

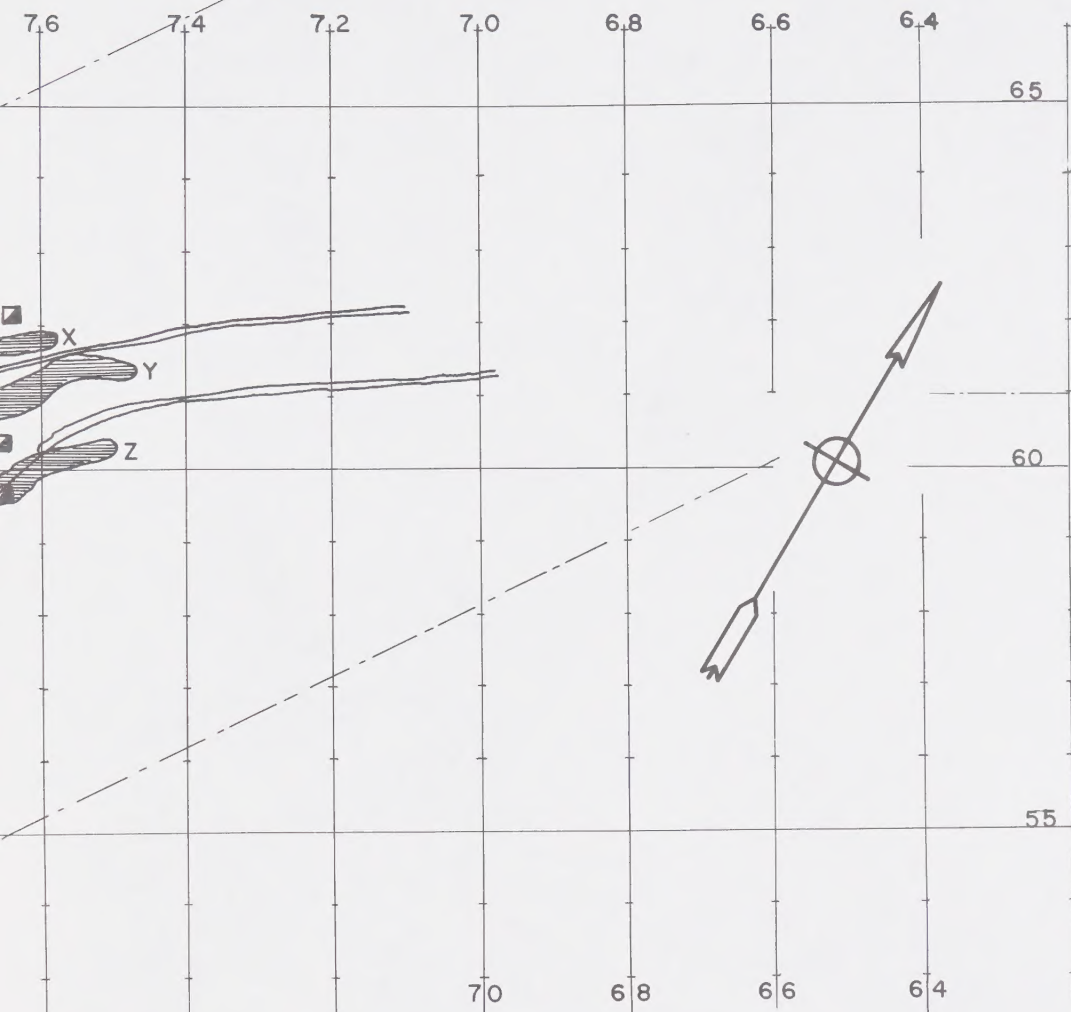
1. Review of the known metallurgy and, once a representative sample has been obtained, perform metallurgical tests related to crushing, grinding, flotation and general flow sheet data, and from this develop a flow sheet.
2. Determine the general design criteria for the mill and ancillary facilities, including power requirements, power supply, water supply and tailings disposal. The requirements for ancillary facilities, power and water to be integrated with the mine requirements.
3. Investigate the possibility of bringing electric power to the mine site.
4. Obtain field survey data sufficient to provide for a general site layout, mill location and tailings disposal area.
5. Prepare a preliminary layout of the mill, including an equipment list of the major items.
6. Contact suppliers in Africa and North America, obtain prices and delivery dates, and determine the logistics of transporting the supplies to the mine site.
7. Prepare a preliminary estimate of capital cost.
8. Prepare a preliminary estimate of operating cost.
9. Prepare an engineering and construction schedule and a cash flow forecast.

This work is already underway and one of Kaiser's engineers is now in Zambia making an initial survey of conditions.

CONCLUSION:

The results to date have been most gratifying and encouraging. On your behalf and on behalf of the Management and Directors of your company, I would like to extend our thanks and appreciation to our consultants and other personnel for their hard work, and devotion to the project.





LEGEND



Known mineralized body



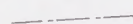
Proposed drill hole



Completed drill hole



Gross outline of I.P. anomaly



Approximate claim boundary

MKUSHI COPPER MINES LTD.		No.
Outline of I.P. anomalies and test drilling Northeast Half, Munshiwemba Section		BLOCK No.
DRAWN BY: T.G.F.	SCALE:	March 1967
TRACED BY: C.N.		

